

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Rail Safety and Carriers Division

Agenda ID 689
RESOLUTION TL-19004
June 27, 2002

RESOLUTION

RESOLUTION GRANTING A WAIVER TO EVERY PASSENGER STAGE CORPORATION FROM THE REQUIREMENT TO FILE AN ANNUAL FINANCIAL REPORT WITH THE COMMISSION

SUMMARY

This resolution waives the requirement of the Commission's General Order (GO) 104-A that every passenger stage corporation (PSC) file an annual financial report with the Commission. The waiver commences with the 2001 report and will continue until further order of the Commission.

BACKGROUND

GO 104-A requires each public utility under the jurisdiction of the Commission to file annually a report of its operations in a manner prescribed by the Commission. This includes PSCs.¹

Early each year the Commission's Rail Safety and Carriers Division (RSCD) mails every PSC an annual financial report for the prior calendar year to be completed and returned. The report requires completion of a balance sheet and income statement, and over 20 supporting schedules. About 230 carriers currently hold PSC certificates. A certificate is subject to suspension and revocation if the carrier fails to return the report.

¹ "Public utility" as defined in Public Utilities (Pub. Util.) Code § 216(a) includes "common carriers." Common carrier is defined in Pub. Util. Code § 211 to include every passenger stage corporation operating within this state.

RSCD recommends that the GO 104-A reporting requirement be waived for PSCs, commencing with the 2001 report. It believes that the combined burdens to carriers in completing the reports and to staff in mailing, receiving and maintaining them far outweigh any benefit the reports may provide. RSCD offers that the reports might have been useful in a time of greater economic regulation of PSCs. PSCs once were predominately scheduled, fixed route bus services, often operating under monopoly conditions. Travel patterns and passenger preferences have changed. Commission policies now favor competition and innovation in the passenger stage market.² Today, PSCs more typically provide on-call airport shuttle van service in competition with other PSCs, taxicabs, limousines, public transit, and private automobiles. Even fixed route services usually face competition from several or all of these transportation modes.

The competitive environment in which PSCs now operate has been accompanied by reduced Commission oversight of PSC fares through the availability of the zone of rate freedom (ZORF). Under Public Utilities (Pub. Util.) Code § 454.2, the Commission may establish a ZORF for any PSC that is competing with other passenger transportation service of any means if the competition together with the authorized zone of rate freedom will result in reasonable rates and charges. The ZORF allows the carrier to file tariff fare changes within a range authorized by the Commission. A substantial number of PSCs have been granted ZORFs. As a consequence, the Commission receives few PSC fare increase applications. Also rare are complaints regarding the reasonableness of PSC fares.

Under the circumstances, RSCD believes there is no longer good reason for PSCs to annually provide detailed financial information to the Commission. RSCD advises that public requests to view reports are infrequent. The few requests received are usually from PSCs who want to examine their competitors' reports. RSCD notes that many PSCs are small operators. The cost to these carriers of

² Decision 00-06-073 in Application 98-03-035 et al. provides a comprehensive discussion of the Commission's current policy of promoting competition in passenger stage markets, and how that policy evolved through the years.

having the report properly completed by a bookkeeper or accountant is particularly burdensome.

DISCUSSION

We agree that the GO 104-A reporting requirement should be waived for PSCs. The entire process of mailing, completing, filing and maintaining the reports consumes considerable staff and carrier resources. There appears to be little demonstrable benefit in return. The Commission no longer needs the reports to administer its PSC regulatory program. We will therefore waive the reporting requirement, commencing with the 2001 report. However, we reserve the right to rescind the waiver in the future should circumstances warrant. Also, under the law the Commission may at any time request carriers to provide financial or other relevant information regarding their operations. Carriers are placed on notice that waiver of the annual report filing requirement does not relieve them from responding to any reasonable request for financial information by the Commission or its staff. Additionally, applicants for fare increases will still need to include supporting financial statements in their applications.

COMMENTS ON DRAFT RESOLUTION

To comply with Pub. Util. Code § 311(g), the RSCD commenced publication of a Daily Calendar notice on May 24, 2002, that apprised the public of the availability of its draft of this resolution and solicited comments by June 13, 2002. No comments were received.

FINDINGS

1. GO 104-A requires every public utility subject to the Commission's jurisdiction to file an annual financial report.
2. PSCs are public utilities under the definitions contained in Pub. Util. Code §§ 211 and 216(a).

3. The current level of economic regulation of PSCs exercised by the Commission does not require the annual filing of detailed financial information by every PSC.
4. RSCD recommends that PSCs be granted a waiver from the requirement to file an annual financial report.
5. RSCD's recommendation of a waiver is reasonable and should be adopted.

THEREFORE, IT IS ORDERED that:

1. The requirement of General Order 104-A that passenger stage corporations, as public utilities, file an annual financial report is waived until further order of the Commission.
2. The waiver provided in Paragraph 1 commences with the 2001 report.
3. The Executive Director shall serve a copy this resolution on every passenger stage corporation holding a certificate from the Commission.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted by the Commission at its regularly scheduled meeting on June 27, 2002. The following Commissioners voted favorably thereon:

/s/ WESLEY M. FRANKLIN

WESLEY M. FRANKLIN

Executive Director

LORETTA M. LYNCH

President

HENRY M. DUQUE

CARL W. WOOD

GEOFFREY F. BROWN

MICHAEL R. PEEVEY

Commissioners